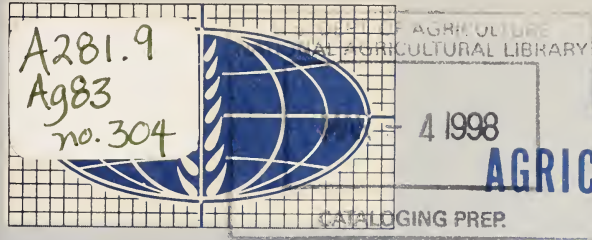


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# NOTES ON ROMANIA'S AGRICULTURAL ECONOMY

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*ABSTRACT: The report presents highlights of Romania's agricultural policy, production, and trade. Data for the late 1960's are compared with earlier data.*

*Key words: Romania, Foreign agriculture.*

## Agriculture in the Economy

Agriculture is a major sector of Romania's economy, employing 56 percent of the labor force and contributing about 26 percent of national income in 1968. Compared with the rapid industrial growth of the 1960's, gains in agriculture have been modest (2.9 percent annually in the USDA index) (1)<sup>1</sup> Nonetheless, growth in agriculture has been faster than the average for Eastern Europe. Preliminary plans for 1971-75 call for a 5.0- to 5.5-percent growth rate in farm output. In 1968, agriculture received 16 percent of investments.

The range of climate and soils is one of the most diverse in Eastern Europe, and the growing season one of the longest. Annual precipitation averages about 23 inches in the fertile southern plains, but dips below 20 inches in the hilly regions of Moldavia along the Soviet border. Recurrent droughts cause considerable yearly fluctuations in crop output. Total land area is 23.8 million hectares—a little smaller than Oregon—of which 44 percent is arable. The mountainous region of Transylvania, which occupies roughly one-half of the country, is important for grazing.

Population in 1969 was 20.0 million—increasing at 0.9 percent annually in the 1960's. Per capita GNP (\$939 in 1967) is higher than in Spain or Greece (2).

## Agricultural Organization and Policy

Governing power lies in the Romanian Communist Party. Agricultural policy is formulated by the Party. Guidelines for the economy are established

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This is the first of a series of notes on the agricultural economies of the Communist countries.

<sup>1</sup> Italicized numbers in parentheses refer to references listed at the end of this report.



in 5-year plans. The Ministry of Agriculture and Forestry is the Government arm that administers and implements programs. The Romanian Government has been slow to adopt economic reforms, particularly in pricing and planning, and has maintained strong central control over the farm sector since the late 1950's. Reforms in agricultural planning and management on collective farms (Agricultural Production Cooperatives—or CAP), were initiated at a plenum of the National Union of Agricultural Cooperatives in 1969. According to current proposals, the role of the collective in planning, production, and investment decisions will be strengthened. More management activities also will be shifted to internal farm units. However, the Government will continue to have a major voice in coordinating plans for the collectives.

Collective and state farms are the principal types of farm enterprise. Collective farms account for about 61 percent of the agricultural land, of which 11 percent is in household plots of collective farm members. All the collective farmland is the common property of the collective, but farmers retain up to 0.3 hectare of arable land for personal use. Under the reforms of 1969, internal collective farm units will be responsible for their own financing, production plans, and use of farm labor and equipment. State agricultural units hold about 30 percent of the agricultural land. About 9 percent of the agricultural land is still in private farms—primarily in mountainous areas.

Romania is the last East European country to retain strong central control over farm equipment used to service collectives, but a shift from this policy emerged in the late sixties. The Agricultural Mechanization Enterprises (or IMA—formerly called Machine Tractor Stations) became financially self-supporting in 1968; and in late 1969, steps were taken to transfer authority over the use of equipment to the chief engineers of each collective. State farms own their own equipment.

Agricultural commodities are sold on a contract basis by the collectives, either directly to the state or to special consumer cooperatives. Contract prices are set by the Government. The collective farm as well as collective farm members can sell surplus wheat, corn, rye, fruit, vegetables, and livestock products on local markets as long as Government regulations are observed. Most grain, however, is purchased directly by the Government or used on the farm. Producer prices on livestock and milk were increased on June 1, 1970. This was the first increase in livestock prices since 1965.

The Government supports agricultural investments through direct subsidies to state farms and through low interest rates by agricultural banks to collective farms. Agriculture is slated to receive about 22 percent of total investments in the economy during 1971-75, compared with 15.5 percent during 1966-68. In 1968, a system of bonuses for state farm employees was introduced to encourage increased labor productivity. Monetary wage scales for work performed, with payment of up to 80 percent of earnings on a monthly or semimonthly basis, were introduced on collective farms in 1970. Other state programs for improving rural living conditions during the 1966-70 plan included the introduction of pensions for collective farmers and assistance in electrification and housing construction in the villages.

The level of inputs in Romanian agriculture is among the lowest in Eastern Europe, but has improved recently. One tractor in terms of 15 horsepower units served 64 hectares of arable land in 1968, compared with 158 hectares in 1960.



Eighty-five percent of the small grain on collective farms was harvested by machine in 1968. Mineral fertilizer application increased from 7 to 46 kilograms per hectare of arable land between 1960 and 1968, but was still the lowest in Eastern Europe. Plans call for production of 2.2 to 2.4 million tons in 1975 compared with 602,000 tons in 1968. About 530,000 hectares were irrigable by the end of 1968, but the original plan to irrigate 1 million hectares by 1970 is considerably behind schedule. The development of the irrigation system will continue to be a priority project, however, and is scheduled to receive 44 percent of Government investments in agriculture during 1971-75. By the end of 1975, 2.1 to 2.4 million hectares are to be under irrigation.

## **Agricultural Production**

Crops accounted for about 62 percent of the value of gross agricultural production in 1968. Livestock's share increased from less than 35 percent in 1960 to 38 percent in 1968. About 70 percent of agricultural land is arable and the remainder is in permanent meadows and pastures. Corn and wheat occupy about 32 and 27 percent, respectively, of the arable land; grains account for 63 percent. Forage crops are grown on 12 percent of the area. Sunflower, potatoes, and vegetables are major crops. Orchards and vineyards occupy 7 percent of the arable land.

Grain output in 1969 of 12.8 million tons was 8 percent below the 1966 record, but 18 percent above the 1961-65 average. Higher yields contributed to gains in both wheat and feed grains (primarily corn), with feed grain production increasing most rapidly. The 1970 grain crop declined because of dry weather at wheat-seeding time in the fall of 1969 and floods in the spring of 1970. The wheat crop was extremely poor. Total grain output is planned to reach 17.5 to 18.5 million tons by 1975. Output of oilseeds (largely sunflowerseed) reached a record high in 1969. Considerable gains have also been registered in sugar beet, potato, vegetable, and fruit production.

Performance in the livestock sector has been unsatisfactory. Substantial gains were made in nearly all major livestock inventories during the 1960's, but animal productivity continues to be low. Hog numbers in January 1970 were slightly lower than the 1965 peak, but well above pre-1965 levels. Pork contributes almost half of total meat output. Cattle numbers dipped in 1969 because of short feed supplies, continuing the decline which began during the 1968 drought year. Milk cow numbers have fluctuated cyclically, but have shown little long-term growth. Milk yields per cow averaged only 1,736 kilograms during 1966-67.

Romania has good potential to sharply expand agricultural production. At present, most crop yields are the lowest in Eastern Europe and livestock productivity is among the lowest. Although substantial growth has occurred since the midsixties, inputs are still at low levels relative to other countries in the region. In addition to sharply expanded irrigation and fertilizer programs, emphasis on livestock production will increase during 1971-75. About one-fourth of Government investments in agriculture are planned to go into the livestock industry. Hog numbers are planned to increase from 6.0 million in January 1970 to 9.5 million in 1975; cattle numbers from 5.0 to 6.6 million. From 1969 to 1975, a doubling of Government meat purchases is planned.

## **Food Consumption**

About 42 percent of per capita disposable income was spent for food in 1965. Daily per capita consumption amounts to an estimated 3,000 calories, a large share of which is derived from starchy foods. Meat consumption of roughly 30 kilograms per capita in 1968 was second lowest in Eastern Europe and about one-third of the U.S. level. Consumption of sugar and vegetable oils has increased notably in recent years.

## **Agricultural Trade**

Agricultural products accounted for 34 percent of total exports in 1968, compared with 36 percent in 1960; the share of total imports declined from 18 to 12 percent. The value of agricultural exports is estimated at \$503 million; imports at \$197 million. Over one-half of total trade in 1968 was with Communist countries. Trade with non-Communist countries has increased substantially in recent years. Most trade is conducted under bilateral agreements and implemented through Government-operated trading organizations.

Romania is a member of the Council for Mutual Economic Assistance (CEMA or COMECON), the regional association which, under Soviet hegemony, promotes economic cooperation and trade among East European countries and the Soviet Union. Since 1963, Romania has been increasingly independent of Soviet economic policy, particularly Soviet efforts to deemphasize Romania's industrialization campaign in favor of agricultural specialization. Trade with the West has been expanding, but has been curbed by hard currency shortages. In general, Romania ran a deficit in total trade during the 1960's. Romania is not a member of the General Agreement on Tariffs and Trade (GATT), but applied for membership in 1968. The United States does not accord most favored nation status to Romania. Validated export licenses are not required on U.S. sales of agricultural commodities to Romania.

Grains, consisting largely of wheat and corn, generally dominate Romania's agricultural exports. Total grain exports generally ranged from 1.0 to 1.5 million tons during the 1960's but hit a record 2.3 million tons in 1967. Grain exports totaled almost 1.4 million tons in 1969. Other leading exports are fresh meat, sunflowerseed oil, canned and fresh fruit, and wines. Agricultural imports are largely nonfood raw materials, primarily cotton, but also crude rubber and hides and skins. Cotton imports of 84,300 tons in 1969 were a record high. Rice and citrus fruits are the major food imports.

New U.S. trade channels are opening up to Romania. In early 1970, Romania became eligible to export meat to the United States for the first time. Commodity Credit Corporation credit is also being used more frequently. U.S. agricultural exports to Romania jumped from \$3.6 million in fiscal 1969, when they were the second-lowest of any U.S. shipments to an East European country, to \$11.5 million in fiscal year 1970. Cotton exports accounted for most of the gain, but cattle hide sales also increased. U.S. agricultural imports were \$954,000, mainly cheese and poppy seed.

# STATISTICAL DATA

## A. General (1968 unless otherwise indicated)

### 1. Area:

	<i>1,000 Hectares</i>
Total .....	23,750
Agricultural .....	14,972
Arable .....	10,561

### 2. Population (midyear):

	<i>Millions</i>
Total .....	19.7
Agricultural labor force .....	6.46

### 3. Agriculture's percentage share of:

National income .....	26
Labor force .....	56
Exports .....	34
Imports .....	12

### 4. GNP per capita (*see* 2):

	<i>Dollars</i>	<i>Index</i>
1960 .....	641	100
1965 .....	825	129
1967 .....	939	146

### 5. Share of per capita disposable income spent on food (1965): 42 percent

### 6. Exchange rates:

	<i>Lei per dollar</i>
Official .....	6.00
Tourist .....	18.00



*B. Agricultural Organization (1968 unless otherwise indicated)*

1. Type of farms (end of year):

	<i>Number</i>	<i>Average size (hectares)</i>
State . . . . .	352	6,006
Collective (CAP) . . . . .	4,673	1,942
Private . . . . .	n.a.	n.a.

2. Socialized sector—agricultural inputs as percent of total:

	<i>Total</i>	<i>Excluding pri- vate plots</i>
Arable land . . . . .	95	86
Employment (1967) . . . . .	90	n.a.
Tractors (15 h.p. units) . . . . .	100	100

3. Socialized sector—agricultural output as percent of total:

	<i>Total</i>	<i>Excluding pri- vate plots</i>
Total (1964) . . . . .	92	67
Grain . . . . .	97	89
Potatoes . . . . .	86	53
Meat . . . . .	88	46

*C. Inputs in Agriculture*

	<i>1960</i>	<i>1965</i>	<i>1968</i>
1. Arable land per worker (hectares) . . . . .	1.4	1.6	1.6
2. Tractors, 15 h.p. units (thousands, end of year) . . . . .	65.3	133.0	164.9
3. Arable land per tractor (hectares) . . . . .	158	79	64
4. Fertilizer use (1,000 metric tons, nutrient content) . . . . .	74	266	485
5. Fertilizer use per hectare of arable land (kilograms) . . . . .	7	25	46

# *D. Agricultural Production*

## 1. Crop area (1,000 hectares):

	1961-65	1966-68	1969
Total grain	6,772	6,694	6,563
Wheat	2,966	2,921	2,759
Corn	3,308	3,284	3,293
Rice	14	22	25
Total oilseeds	532	615	681
Sunflowerseed	452	490	534
Sugar beets	177	185	188
Tobacco	37	38	36
Potatoes	314	322	305

## 2. Crop yield (quintals per hectare):

	1961-65	1966-68	1969
Total grain	16.1	20.0	19.5
Wheat	14.6	18.0	15.8
Corn	17.7	22.3	23.3
Rice	28.6	27.7	28.0
Total oilseeds	10.6	12.9	12.6
Sunflowerseed	11.1	14.4	14.0
Sugar beets	161.9	218.6	193.4
Tobacco	8.6	9.5	9.5
Potatoes	82.8	105.1	71.0

## 3. Crop production (1,000 metric tons):

	1961-65	1966-68	1969
Total grain	10,887	13,394	12,824
Wheat	4,321	5,244	4,349
Corn	5,853	7,328	7,676
Rice	40	61	70
Total oilseeds	565	794	858
Sunflowerseed	504	707	747
Sugar beets	2,866	4,045	3,636
Tobacco	32	36	34
Potatoes	2,600	3,385	2,165
Vegetables	1,657	2,157	2,000
Fruit	873	1,175	1,635
Grapes	908	1,010	1,189

*D. Agricultural Production—Continued*

4. Livestock numbers (1,000 head) (January 1):

	1961-65	1966-69	1970
Cattle .....	4,639	5,150	5,035
Hogs .....	4,835	5,592	5,972
Sheep .....	12,217	13,978	13,836
Poultry .....	39,022	44,701	53,894
Horses .....	838	703	686

5. Livestock products (1,000 metric tons):

	1961-65	1966-68	1969
Meat (liveweight) .....	982	1,240	1,326
Milk .....	2,680	3,206	3,101
Wool .....	24	28	29
Eggs (mil. units) .....	2,502	2,979	3,315

*E. Agricultural Trade*

1. Major imports and exports (total and U.S. percentage share:

	1967	1968	1967	1968
	1,000 metric tons		Percent	
Imports:				
Cotton .....	71.9	76.1	--	--
Rubber, crude .....	26.7	30.5	--	--
Hides and skins .....	21.8	18.3	17	11
Rice .....	32.0	29.7	--	--
Exports:				
Corn .....	1,077.5	375.2	--	--
Wheat .....	1,221.6	1,176.0	--	--
Meat, fresh, chilled, or frozen .....	56.8	50.0	--	--
Vegetable oils, edible .....	110.0	115.8	--	--
Fruit, canned .....	100.8	83.8	--	--
Wines .....	527.0	579.0	--	--

*E. Agricultural Trade—Continued*

2. Trade with U.S. (\$1,000):

	1966	1967	1968	1969
U.S. exports . . . . .	6,415 .	1,939	1,070	4,371
Cattle hides . . . . .	5,515	1,580	570	3,091
Soybean meal . . . . .	---	---	479	787
U.S. imports . . . . .	980	1,229	1,327	1,106

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